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SUBJECT: LUNCH WITH THAKSIN

Classified By: AMBASSADOR RALPH BOYCE. REASON: 1.4(D)

11. (S) Summary: During lunch at the residence on December 7, Prime Minister Thaksin and I discussed the King's recent birthday speech, the situation in Thailand's south, the issue of extrajudicial killings, Thai-Malaysian relations, Burma policy, North Korea, the US-Thai Action Plan, Thailand's third quarter GDP spurt, and the return of former Prime Minister Chavalit Yongchaiyut. Thaksin told me that he enjoys a uniformly good relationship with the King. He denied any plans by the RTG to allow targeted killings of suspected militants in the south and understood my admonition over the damage to Thai-U.S. relations if any Thai officials perpetrated any summary killings. Thaksin claimed that the situation in the south is gradually improving. He expects some of the 131 Thai Muslims who fled to Malaysia to return now that UMNO has won the by-election in Kelantan. On Burma, Thaksin acknowledged the lack of any positive measures by the SPDC. I thanked him for the encouraging movement made by the Thais at the London FTA round and elicited his firm assurance that Thailand will refurbish its fleet of F-16's in lieu of purchasing new Russian SU-30s. End Summary.

HAPPY WITH KING'S TREATMENT AND HIS RELATIONS WITH THE PALACE

12. (C) Prime Minister Thaksin came to the residence on December 7 flush from what he considered a boost from the King's birthday speech several days earlier. Thaksin said there were no unpleasant surprises in the speech and noted that the King had previewed the speech to him on November 21. The King counseled him not to be hot headed in response to his critics. Thaksin replied that as he grew closer to age 60 he would mellow. According to Thaksin, the King's frequent anecdotes during the December 4 speech referring to the Prime Minister had the quality of inside jokes that he and Thaksin shared. Thaksin noted that he had dropped his lawsuits against fervent critic Sondhi Limthongkul. I asked him if this had taken the wind out of Sondhi's sails. Thaksin thought so, saying that the Bangkok elite may be easily duped by a "crook" like Sondhi, but "not for long." He said that he was not the least concerned about Sondhi's next rally on December 9 and ridiculed his claim that half a million Thais would turn out.

13. (S) Thaksin expressed satisfaction over what he termed a uniformly good relationship with the Palace. He related to me that when he called on the King following his massive 377 seat win last February, he intimated that it would be his last term. "What, you will leave me alone?" Thaksin said the King replied. The Queen also urged that Thaksin see the King regularly, citing his ability to cheer up His Majesty. Thaksin agreed that the King's chief motivation these days is the preservation of the status of the monarchy. He referred humorously to the first time he attended the King's birthday speech as Prime Minister. The King at that time made critical comments about him. While he visibly cringed, Khunying Potjaman (Thaksin's wife) dug him in the ribs with her elbow. The King told him later that he was lucky to have a Khun Potjaman to candidly advise him as well as encourage him. When I asked Thaksin if the Queen was His Majesty's "Khun Potjaman," he said emphatically no. The Palace clearly has two camps, with fundamentally different DNA in each.

SAYS SOUTH IMPROVING

14. (C) Thaksin expressed satisfaction with the job new RTA Commander General Sondhi is doing in the south. In the past, soldiers had simply put in their time, avoiding engagements. General Sondhi is more aggressive and proactive. Thaksin added that his own reception was better among southerners in his most recent visits and that he felt that the government's efforts to direct more budget and more jobs programs to the region was bearing fruit. I told him that we had heard disquieting rumors that lists of suspected militants had been drawn up by authorities -- to be targeted for extrajudicial killing. The Prime Minister emphatically denied this, saying that lists of suspects had been drawn up but for publication in order to bring them in for processing by authorities. Those accused and convicted of offenses would face jail through the legal process. Those who had basically been in the wrong company would undergo "rehabilitation."

15. (C) I responded that I would inform Washington of his reassurances, but strongly cautioned he needed to monitor this situation closely. If any official took it upon himself to "unilaterally" commit an extrajudicial execution, even in

the face of official RTG policy to the contrary, we would nevertheless immediately cut off ties with that unit and there would be a risk of serious damage to our bilateral relations, and to Thaksin's personal reputation. Thaksin said that he understood and repeated that there were no death lists. I repeated that even in the absence of a policy of targeted killings an individual act would have serious repercussions.

#### MALAYSIA AND THE SOUTH

16. (C) Thaksin said that he has always enjoyed good relations with former Prime Minister Mahathir. They had good talks during Mahathir's visit last month. Badawi, on the other hand, still didn't understand that Thaksin needed his help on the south, the PM said. He repeated his claim that that Badawi had personal sympathies with Pattani for ancestral reasons. He had two private tete-a-tete meetings with the Malaysian Prime Minister during last month's APEC Summit in Busan. Thaksin said that he first addressed the Malaysian Prime Minister as his "former friend," then told the consternated Badawi that he meant to say "longtime friend." Thaksin said that he anticipated progress on repatriating at least some of the 131 Thai Muslims who fled to Malaysia several months ago. Now that UMNO has won the Kelantan by-election, it will be easier for Kuala Lumpur to work the issue, he believed. Besides, Thaksin added, Badawi knows that without progress he would not go to Kuala Lumpur later this month for the ASEAN Summit.

#### NO GOOD NEWS ON BURMA

17. (C) Thaksin described as "crazy" the recent move by the SPDC to a new capital. I asked him why he had not publicly criticized the regime as he had promised the President and the Secretary. Quiet admonition behind closed doors by the Foreign Minister is not the same as public calls by the RTG for the SPDC to free Aung San Suu Kyi, allow the NLD to participate fully in the political process and to hold a real and credible constitutional convention. Thaksin said that the main purpose of the RTG's engagement policy with Rangoon had been to get Burmese cooperation in stemming the flow of drugs into Thailand. While some 60 percent had been stanchied, the rest still goes into Thailand -- the SPDC doesn't see it as its problem. Thaksin also agreed that the plight of the Burmese people -- poor, malnourished and without rights -- should be addressed. I reminded him again that he had promised the President and the Secretary to come out strongly and publicly against the SPDC's policies. We agreed that a very tiny group of individuals controlled all aspects of Burma's life and that they fear a calamitous downfall if they loosen their grip even a tiny bit.

#### GOOD FOLLOW-UP ON A NUMBER OF ISSUES

18. (C) I expressed satisfaction at the progress we were making on the U.S.-Thailand Action Plan. I then asked Thaksin for the latest on the Royal Thai Air Force's pending aircraft purchase. Thaksin replied that Thailand will refurbish its fleet of F-16's to extend their flight lives rather than buy SU-30s from Russia. He said that he does want access to the Russian market so will have to buy something from Moscow, perhaps M-17 helicopters, but he assured me again that the existing F-16 fleet will receive mid-life upgrades in lieu of the RTAF purchasing SU-30s. I asked if he plans to visit North Korea. Thaksin replied that he would not. I also thanked him for ramrodding his ministers into working towards concluding a successful FTA early next year. The London round had shown encouraging progress. Thaksin said that he was determined to achieve the FTA with the U.S. The U.S. has FTAs with others and Thailand can't miss the boat. He was determined on this. He related, for example, that he had told his Central Bank Governor to follow his FTA policy or he will be out. The Banking sector is run by a oligarchy, Thaksin complained, afraid that competition will take away the big margins they have enjoyed in their protected sector.

#### ECONOMY SHOWS STRENGTH

19. (C) I congratulated Thaksin on the third quarter 5.4 percent growth rate and the annualized 4.7 percent rate. Thaksin noted that following the disastrous first quarter numbers "we took steps." As for improving the population's economic condition, I asked him about his callback of former Prime Minister Chavalit Yongchaiyut to head the administration's anti-poverty drive. Does he trust Chavalit? Thaksin said that Chavalit has "lots of time" and "takes orders well."

#### REFERS TO REPORTS OF SECRET DETENTION FACILITIES

10. (S) Thaksin noted that ABC News had reported that the U.S. had operated secret detention facilities in Thailand to hold terror suspects. He noted that "we deny" these reports." I responded that we as a rule do not comment on

intelligence allegations. Thaksin chuckled at how the Thai media had gotten the mistaken idea that VOA's Udorn facility was one of those "black prisons" and complimented us for having opened up the facility for a huge contingent of press to see for themselves.

11. (C) Comment: Thaksin was boosted by the King's speech and his apparent outmaneuvering of Sondhi. He was confident of his close ties to the Palace and feels that he and the King enjoy a close relationship. We will pocket his assurances that there will be no extrajudicial killings in the south on his watch and we will hold him to these assurances. While we will wait to see where he will go on Burma, Thaksin's actions on the F-16s, decision not to go to Pyongyang, progress on FTA, and the U.S.-Thai action plan show a ledger with a positive balance. End Comment

BOYCE